

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)	
)	
Request for Review of a Decision of the)	Administrator Correspondence Dated
Universal Service Administrative Corp. for)	July 07, 2014
Knox County Schools, Knoxville, TN)	
)	
)	
Schools and Libraries Universal Service)	CC Docket No. 02-6
Support Mechanism)	

Request for Review or Waiver

Billed Entity Number: **128407**

Funding Year: **2012/2013**

Form 471 Application Numbers: **See below**

471 - 847808

FRNs 2333853, 2333871, 2333885, 2333913, 2333931, 2333942, 2333954, 2334007, 2334036 and 2334081

471 - 847734

FRNs 2332424, 2332450, 2332464, 2332477, 2332490, 2332560, 2332593 and 2332626

471 - 847558

FRNs 2332792, 2332805, 2332819, 2332836, 2332852, 2332896, 2332928, 2333142, 2337478, 2337488, 2337499, 2337533, 2337554 and 2337574

471 - 847903

FRNs 2334550, 2334592 and 2334614

471 - 847564

FRNs 2334197, 2334216, 2334235, 2334248, 2334264, 2334280, 2334292, 2334342, 233473 and 2334409

471 - 847857

FRNs 2333612, 2333674, 2333716 and 2333752

471 - 847539

FRNs 2331509, 2331515, 2331524, 2331532, 2331540, 2331558, 2331568, 2331649, 2331704 and 2331848

471 - 847891

FRNs 2333282, 2333309, 2333322, 2333456 and 2333500

In accordance with sections 54.719 through 54.721 of the Commission's rules, Knox County Schools in Knoxville, Tennessee (KCS) requests the Federal Communications Commission's (Commission) review of a decision of the Schools and Libraries Division of the Universal Service Administrative Company (Administrator). KCS requests the Commission consider the extraordinary, yet predictable and merited circumstances presented in this request while considering its disposition.

OVERVIEW

Knox County, Tennessee school system is a metropolitan school district comprised of 88 schools and over 56,000 students.¹ Under the schools and libraries universal service support mechanism, eligible schools, libraries, and consortia that include eligible schools and libraries, may apply for discounts on eligible telecommunications services, Internet access, internal connections, and basic maintenance of internal connections². Under this regulatory authority, Knox County annually submits E-rate application(s) for discounts on eligible products and services.

BACKGROUND and REQUEST FOR REVIEW

The Knox County School District filed the above Funding Requests in March of 2012. These FRN's were filed based on a 5-year term contract that is reviewed and if warranted, renewed annually. This contract provides for a maximum of 5% pricing escalation per annual term. At the time of application, FY 2012 would have represented the 2nd *contractual* period of this contract. Due to predictable delays in application processing timelines, the Knox County School District submitted Item 21 costs based on 3rd contractual year pricing but transparently submitted the predicted pricing escalation so that if processing was completed more efficiently than predicted, the additional escalation could be removed from the pricing submitted.

Relying on many years of experience and expertise in the E-rate program, the Knox County E-

¹ Statistics available at:
<http://knoxschools.org/modules/cms/pages.phtml?sessionid=6a9098c9ecd1f175830b20faff5d3e28&pageid=93508&sessionid=6a9098c9ecd1f175830b20faff5d3e28>.

² 47 C.F.R. §§ 54.502, 54.503

rate team developed the above funding requests' calculations with the knowledge that review timelines typically result in the issuance of Funding Commitment Decision Letters for Priority 2 applications that are greatly protracted. In recent years, our FCDLs have typically extended well beyond a single contract term of 12 (or even 15) months. In fact, completion of the review process for these particular funding requests took approximately 26 months, with almost no review activity in the first 12 months after the applications were submitted.

During the review process PIA determined that, even though the Knox County Schools had predicted this processing timeline accurately, the requests were only 'eligible' for 2nd year contract escalation pricing because the 2012 application year was the 2nd year of the referenced 5 year contract. Consequently, PIA staff elected to reduce the FRNs to the "2nd" contractual year pricing. Below is a comment typical of those included in the FCDL:

*FRN #2332424 - MR2: "The FRN was modified from \$576,894.61 to \$568,461.04 to agree with applicant documentation. "*³

Quite to the contrary, we contend that the documents provided to PIA, in fact, support the escalation to the 3rd contractual period. Costs on the supporting Item 21 were produced and submitted using proven, predictable and ultimately accurate application processing timelines. We find nothing in the rules that would preclude Knox County Schools from using annual and contractual pricing escalation terms that incorporate a predictable timeline for approval and implementation to accurately develop our Funding Requests to correspond with the timeline of actual work to be completed.

We ask you to consider that in the development of the Funding Requests, Knox County Schools, transparently and accurately took the burden of review process into account and, to facilitate these protracted processing timelines, correctly allowed for two potential pricing escalations resulting in requests for "3rd" contractual year pricing.

³ We did not include copies of all of the Administrator's Decision letters as there are many pages. We can provide copies of ALL of the letters if the Commission staff prefers, upon request.

Unfortunately, due to processing delays, the Knox County School District will now be required to complete the FY2012 procurements during FY2015 or the "4th" contractual period and will be subject to yet another potential 5% escalation for which support was not requested.

We urge you to reconsider the decision to reduce these funding requests and restore the FRNs cited above to their original funding request levels so that Knox County can complete the projects without the penalty of additional undue costs for application processing timelines that were beyond our control. We appreciate your thoughtful consideration of our request and anxiously await your decision. Any additional questions, concerns or request for additional documentation related to this appeal should be directed to:

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Most Sincerely,



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